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17 JAN 1964

MEMORANDUM FOR THE RECORD

SUBJECT: DCI Briefing of CIA Subcommittees of Senate Armed Services and Senate Appropriations Committees - Friday, 10 January 1964 - 3:00 P. M.

1. The Director met with the combined CIA Subcommittees of Senate Armed Services and Senate Appropriations Committees on Friday, 10 January 1964, at 3:00 P. M. Senators present were:

Russell, Richard B. (D., Ga.)
Hayden, Carl (D., Ariz.)
Saltonstall, Leverett (R., Mass.)
Stennis, John (D., Miss.)
Young, Milton R. (R., N. Dak.)
Aiken, George D. (R., Vt.)

Present from the Committee staff was William Darden.
Accompanying the Director were:

Richard Helms, Deputy Director (Plans)
John S. Warner, Legislative Counsel

There was a technical sweep of the room and no transcript was taken.
The meeting consumed approximately two hours.

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ANTI-BALLISTIC MISSILE

16. In response to a question on development of the anti-ballistic missile in Russia, the Director stated that while the Soviets have spent a considerable amount of funds and effort they have not developed an effective and reliable anti-ballistic missile system. It was stated that we believe they will not approve large expenditures or widespread deployment of the present system

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SOVIET ECONOMIC ANALYSIS

17. Senator Russell stated he would like to turn to an unpleasant task and referred to the recent release of information by CIA concerning the Soviet economy. His comments included:

"Not a function of CIA."

"Leaves us with no defense against a joint committee."

"Frankly a mistake."

"Probably should be released but not by CIA."

"Bad practice to start this type of thing."

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Senator Stennis then said he agreed with Senator Russell and each pointed out that they had not discussed it with one another or with the members of the Committee. Mr. McCone then stated that he also agreed and had taken steps to see that this did not happen again and that it would not happen again.

18. Mr. McCone then gave some of the background on this mentioning briefing of the NSC and congressional chairmen and subsequent discussions of the desirability of the information itself becoming known for two reasons - (a) the question of long-term credits to the Soviet Union, and (b) the effect on certain people who are on the fence. There were further discussions with President Johnson and Secretary Rusk and consideration of the DCI briefing the heads of state in Europe. It was hoped that there would be some way of bringing this information out covertly. Mr. McCone stated that subsequently some of this information began getting around and the press was directed to CIA. He stated attribution to the Agency was unfortunate and that this would not happen again.

CIA BUDGET

19. Senator Russell inquired whether the President's economy drive had had any effect on the Agency's budget. The Director said that it had, [REDACTED]

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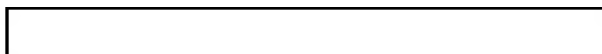
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**SOUTH VIETNAM**

22. The Director then discussed his recent trip with McNamara to South Vietnam and briefed on the basis of the attached paper dated 21 December 1963. He first touched on the reporting situation, i. e., reporting on the conduct of the war indicating this had not been good and that both AID and the military were misled. The weakness stems from the fact that the reporting organization was in control of the province chiefs. He indicated that he and McNamara had gotten people in from the field and gone into this in detail. He pointed out that the Military Revolutionary Committee has recognized this situation and is replacing a number of the province chiefs and district chiefs.

23. The Director discussed the Hoa Hao and Cao Dai province situation and the hope for utilization of the sects in these provinces as covered in more detail in the briefing paper. He also mentioned the indigenous support in the Delta area for the Viet Cong and the resistance to the strategic hamlet program in that area and the reasons for it. Also discussed were the flow of arms and cadres from North Vietnam. He mentioned the appearance of major weapons such as recoilless rifles, mortars, and anti-aircraft guns in the Delta area in recent months.

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24. The Director then read his conclusions as follows:

a. It is my conclusion that the coup came when there was a downward trend which was more serious than was reported and, therefore, more serious than realized.

b. The military government may be an improvement over the Diem-Nhu regime, but this is not as yet established and the future of the war remains in doubt.

c. The Viet Cong are receiving substantial support from North Vietnam and possibly elsewhere, and this support can be increased. Stopping this by sealing the borders, the extensive waterways, and the long coast line is difficult, if not impossible.

d. The VC appeal to the people of South Vietnam on political grounds has been effective, gained recruits for their armed forces, and neutralized resistance.

e. The ability of the GVN to reverse this trend remains to be proven. Much depends on the ability of the MRC to deploy their forces and pursue the conflict in a manner which will ensure the security of the people and provide them desired freedom, privileges, and some tangible benefits.

f. The lack of an outstanding individual to lead and absence of administrative experience within the MRC are ominous indicators.

g. The political stability of the new government under the MRC is subject to serious doubt. Conflicts of ambition, jealousy, differences of opinion over policy matters are all possible, could develop serious schisms, precipitate further dissensions and coup attempts all of which will affect the war effort against the VC.

h. Overcoming the VC movement by the GVN is formidable and difficult, but not impossible. The problems can be intensified by continuing increased support from NVN and political failures by the MRC. Hence, in my judgment, there are more reasons to doubt the future of the effort under present programs and moderate extensions to existing programs; (i. e., harrassing sabotage against NVN, border crossings, etc. ;) than there are reasons to be optimistic about the future of our cause in South Vietnam.

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The Director pointed out that Secretary McNamara's report to the President was somewhat more pessimistic stating that "current trends unless reversed in the next two to three months will lead to neutralization at best and more likely to a Communist-controlled state."

25. The Director indicated that actions in Cambodia are a result of their sensing the trend in South Vietnam. In response to a question, the Director indicated we cannot get out at this time but must find a means to settle the problem. He pointed out that not only at stake was the entire Southeast Asia area but Malaysia and Indonesia. Mr. McCone pointed

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26. Senator Saltonstall said he thought this last report by McNamara had not gotten across to the public and they still have in mind his previous more optimistic report. After some discussion, it was agreed the pessimistic tone of his report is tending to become known. Mr. McCone added that this trip was a real awakening to both McNamara and himself. In response to a question, Mr. McCone stated his view that taking U. S. divisions into South Vietnam to cope with the Viet-Cong would not be effective.

SOVIET MILITARY FORCES

27. The Director discussed Soviet military forces in accord with the attached briefing paper of 8 January 1964. He listed the 60 to 75 divisions at combat strength (85% or more) and 50 to 55 divisions at reduced strength (60% to 70%) or at cadre strength (of 25% or less). Thus, the total military forces and strategic forces come to about 2,500,000 to 2,750,000 with 700,000 in the strategic defense and strategic attack forces. The Director listed satellite ground forces at 62 divisions comprising about 950,000 men.

28. It was pointed out that the Soviets could place 50 to 60 divisions including some satellite divisions on the line against Western Europe within about 30 days which would comprise a force of about one million men. The Director stated that considering this time factor he is

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less and less concerned about this threat as the satellites move on more independent lines. He mentioned the travel back and forth between Austria and Czechoslovakia, indicating 40,000 Austrians had travelled to Czechoslovakia in October and November and 1,000 Czechs had gone to Austria during December. He touched on the other satellites competing in exchange of travellers and trade efforts mentioning Hungary, Bulgaria and Poland. He commented on the recent purchase by Rumania of a steel mill although steel production was not provided for under the Soviet economic plan into which Rumania was integrated.

29. Mr. McCone stated he did not believe the Soviets could reverse this trend which will develop and grow and the Soviets cannot clamp down on it. The thought of Soviets supplying troops over satellite territory in the face of this situation reduces the danger of armed conflict. Mr. McCone agreed that the exchanges between East and West Berlin is another case in this pattern of movement. The Director concluded by saying that the Soviet Bloc is becoming less monolithic and more of a federation.

30. The Director commented on the sharp debates going on in the government and the military and as to what course to pursue. It seems that there have been compromises, although it is clear they will continue their ICBM program and the Director commented on the marked activity at Tyura Tam. He stated that he believed the Soviets will develop a large missile capable of carrying a 100 megaton warhead. He indicated we do not know of Soviet development of a solid fuel missile.

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MALAYSIA - INDONESIA

35. Upon being asked about the Malaysia - Indonesia situation, the Director stated it could be very serious. [REDACTED]

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36. The Director stated that Sukarno basically opposes the concept of Malaysia since it is a large area bordering on Indonesia which would not be under his control and he in part regards it as a British satellite. The Director stated that if Sukarno maintains his present power and activities the situation could be serious. The Director mentioned the recent discussion [REDACTED] where these matters were discussed very frankly. The Director added that President Johnson is considering sending an emissary for some stern talking with Sukarno. [REDACTED]

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37. See separate memorandum of same date for items of special classification.

38. The meeting adjourned at five o'clock.

s/ John S. Warner

JOHN S. WARNER
Legislative Counsel

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21 Dec 63
8 Jan 64

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Paras. 19, 20, 21 to [REDACTED]
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ORIGINAL DOCUMENT MISSING PAGE(S):

ATTACHMENT 8 Jan 64

